



THE SECRETARY OF DEFENSE

WASHINGTON, THE DISTRICT OF COLUMBIA

, 7 FEB 1985

Honorable Donald J. Devine
Director
Office of Personnel Management
Washington, D.C. 20415

Dear Dr. Devine:

I have examined your January 16, 1985 letter regarding national security and suitability investigative programs at the Department of Defense as they relate to Basic Installment 311, issued by you on January 6, 1984.

I appreciate your continuing interest with respect to these programs in the Department of Defense.

After extensive study and review of Basic Installment 311, Deputy Secretary of Defense Taft on May 7, 1984 established the Department of Defense position. Legal and other problems identified by our review, including the matter of excessive administrative costs, necessitate that DoD implementation be held in abeyance until the President has had the opportunity to take action on the recommendations of the NSDD-84 study group, which was appointed by him and chaired by the Department of Justice, "to study the federal personnel security program and recommend appropriate revisions in existing Executive Orders, regulations, and guidelines."

Options and recommendations regarding the study areas to be examined were developed by the NSDD-84 group and forwarded to the Special Assistant to the President for National Security Affairs on May 1, 1984, by way of the Interagency Group/Countermeasures and the Senior Interagency Group/Intelligence. One of the recommendations is to draft a new Executive Order concerning access to classified information and to modify EO 10450 to make personnel security requirements clearly distinguishable from the general suitability requirements regarding federal employment. I understand that on April 19, 1984, in a personal appearance before the Senior Interagency Group/Intelligence you, as well as the SIG-I, supported all of the NSDD-84 group's recommendations. We were subsequently advised in October 1984, that the National Security Council would later in the year review the options paper and no problems were anticipated.

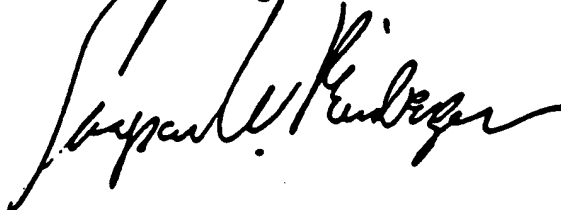
It has long been our position and that of several other executive branch departments and agencies that play a key role in national security matters that Executive Order 10450, cited in your January 16, 1985 letter, no longer serves its intended purpose and that a new order should be issued. A new order to supersede the national security provisions of EO 10450, of course, would impact both in the personnel security and personnel suitability areas.

I am aware that the Department's personnel security program, the largest in the Federal Government, has not yet reached optimum effectiveness. During the last four years, we have intensively scrutinized the program, and significant improvements have been put in place. Last August, I met with General Stilwell and his staff to review additional measures that are feasible. Presently under consideration are actions designed for further improvement that were derived from an analysis of the effectiveness of the DoD Industrial security program completed on December 10, 1984.

Nevertheless, we believe that any program change as wide reaching as envisioned in Basic Installment 311, which has implicit impact on our military and industrial security programs, required the fullest coordination with all involved Executive Branch agencies. Basic Installment 311 was issued without that necessary coordination. On the other hand, the NSDD-84 study was directed by the President to assure a deliberate carefully constructed, fully coordinated effort to develop an integrated assessment of all personnel security programs of the Federal Government.

Accordingly, we will continue to cooperate with your office, as an element of the NSDD-84 study group, to develop recommendations for the President to reshape and upgrade the federal personnel security program. With the full cooperation of all participating agencies, we are confident that we can recommend to the President measures that will improve national personnel security.

Sincerely,

A handwritten signature in dark ink, appearing to read "Frank R. Knepper". The signature is fluid and cursive, with a large initial "F" and "K".

Page Denied